

- c. Over 7,000 gas aggregation customers
- d. Saved over \$9,117,926 on electric
- e. Saved over \$1,226,981 on gas
- 2. NY state market expos designed to proactively match marketers and customers.
- 3. PA customers opt-into the utility and are matched with a supplier

Unsuccessful initiatives in other states

- 1. Dom VA bid- specific generator contract is prohibitive. A suppliers PJM status and credit should be enough.
- 2. VA – wires charges create a chicken/egg scenario that is impeding competition.
- 3. Ohio – DP&L voluntary enrollment bid is not finding suppliers due to a % off requirement on the RSP pricing.

**Contact Information:**

Ivan Henderson, Esq.  
Manager Regulatory Affairs  
WPS Energy Services, Inc.  
Phone: 216-241-2132  
Fax: 216-241-2133  
Email: [ihender@wpsenergy.com](mailto:ihender@wpsenergy.com)

Teresa Ringenbach  
Account Manager  
WPS Energy Services, Inc.  
Phone: 216-241-2132  
Fax: 216-241-2133  
Email: [tringen@wpsenergy.com](mailto:tringen@wpsenergy.com)

- Long-term contracts should not be used for standard or default service. However, shorter term contracts with renewable resources may be an option.
- Customers unwilling to pay the renewable premium should be able to take service from an alternate supplier.

#### **Q4: What steps could the DTE take to increase the competitive options for residential, small commercial and industrial customers?**

1. EDU purchase receivables and provide consolidated billing for all customers
2. Opt-out aggregation should be encouraged and developed for residential and small commercial
3. EDU exit merchant function
  - a. Default service is last resort and for only a limited time before a customer pays a market based rate

#### **Steps to increase competitive options**

1. EDU should be required to purchase receivables
  - a. Funds collected in excess of actual costs should be used to fund low income, DSM programs.
  - b. Adjustments to the receivables discount rate must be transparent
  - c. Consolidated billing with purchase of receivables must be for all customers.
2. Switching fees should not be:
  - a. Used  
(Or in the alternative)
  - b. Should not be prohibitive and should decrease as processes are in place and streamlined.
3. Retail auction for default service
4. Support Opt-out municipal aggregation
  - a. Opt-out municipal aggregation helps to overcome prohibitive acquisition costs associated with mass market load.
5. EDU's should be required to exit the merchant function by developing programs in conjunction with suppliers that result in real retail competition
6. Limit the amount of time a customer can remain on default service without market based rates. Example: After 6 months customers pay market plus X%. Excess \$ are used to fund low income programs, renewable resource programs, etc.

#### **Q5: Are there successful initiatives in other states that could be introduced in the MA market?**

1. Ohio opt-out aggregation offers mass market customers a choice
  - Enhance and encourage municipal aggregation
  - a. Look to Ohio where the majority of switching is through opt-out programs
  - b. ESI serves over 73,000 residential 11,000 commercial electric customers through aggregation

### **Overview of WPS Energy Services Position**

1. A statewide energy price could create subsidies that may kill competition in high congestion areas while promoting it in low areas.
2. DTE should focus on encouraging customer migration/moving customers to retail suppliers rather than focusing on the wholesale procurement process which encourages customers to remain with the utility. The DTE should take steps to ensure substantial competition over the long term in all segments of the statewide market.

### **Q1: Is a Laddered approach likely to produce lower prices for smaller customers?**

A: Not necessarily. The Laddered approach yields a price that may not be reflective of the market given the rise and fall of the market.

- Portfolios and term positions increase the likelihood that competition will be on again/off again as the wholesale market moves versus the service price.
- A more complex procurement process tends to further entrench the utility

Preferred Approach:

Use a Descending Clock Auction for default service

1. If the primary goal of the DTE is to encourage customer migration the DTE should consider provider of last resort and/or standard service as being short term in nature.
2. The supplier to the program could be selected using the descending clock auction.
3. As long as it is a true auction based on the market and for shorter periods of time.

### **Q2. Would the implementation of a Laddered approach act as a barrier to the development of competitive options for smaller customers?**

A: Yes - Longer than one year procurement of basic service is not recommended

- Default service should be last resort and short term in nature and should not be intended to be the best priced alternative. Customers should be encouraged to shop and should be given time to select a supplier. If they don't shop they should be distributed among suppliers.

### **Q3: Should long term contracts for renewable resources be included as a component of the procurement for basic service?**

A: No – Although WPS Energy Services supports the use of renewable resources, these resources come at a premium.